

ASSEMBLY, No. 4660

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED OCTOBER 22, 2018

Sponsored by:

Assemblyman ERIC HOUGHTALING

District 11 (Monmouth)

SYNOPSIS

Establishes farm distillery license.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT establishing a farm distillery license and amending
2 R.S.33:1-10.

3

4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6

7 1. R.S.33:1-10 is amended to read as follows:

8 33:1-10. Class A licenses shall be subdivided and classified as
9 follows:

10 Plenary brewery license. 1a. The holder of this license shall be
11 entitled, subject to rules and regulations, to brew any malt alcoholic
12 beverages and to sell and distribute his products to wholesalers and
13 retailers licensed in accordance with this chapter, and to sell and
14 distribute without this State to any persons pursuant to the laws of
15 the places of such sale and distribution, and to maintain a
16 warehouse; provided, however, that the delivery of this product by
17 the holder of this license to retailers licensed under this title shall be
18 from inventory in a warehouse located in this State which is
19 operated under a plenary brewery license. The fee for this license
20 shall be \$10,625.

21 Limited brewery license. 1b. The holder of this license shall be
22 entitled, subject to rules and regulations, to brew any malt alcoholic
23 beverages in a quantity to be expressed in said license, dependent
24 upon the following fees and not in excess of 300,000 barrels of 31
25 fluid gallons capacity per year and to sell and distribute this product
26 to wholesalers and retailers licensed in accordance with this
27 chapter, and to sell and distribute without this State to any persons
28 pursuant to the laws of the places of such sale and distribution, and
29 to maintain a warehouse; provided, however, that the delivery of
30 this product by the holder of this license to retailers licensed under
31 this title shall be from inventory in a warehouse located in this State
32 which is operated under a limited brewery license. The holder of
33 this license shall be entitled to sell this product at retail to
34 consumers on the licensed premises of the brewery for consumption
35 on the premises, but only in connection with a tour of the brewery,
36 or for consumption off the premises in a quantity of not more than
37 15.5 fluid gallons per person, and to offer samples for sampling
38 purposes only pursuant to an annual permit issued by the director.
39 The holder of this license shall not sell food or operate a restaurant
40 on the licensed premises. The fee for this license shall be graduated
41 as follows:

42 to so brew not more than 50,000 barrels of 31 liquid gallons
43 capacity per annum, \$1,250;

44 to so brew not more than 100,000 barrels of 31 fluid gallons
45 capacity per annum, \$2,500;

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 to so brew not more than 200,000 barrels of 31 fluid gallons
2 capacity per annum, \$5,000;

3 to so brew not more than 300,000 barrels of 31 fluid gallons
4 capacity per annum, \$7,500.

5 For the purposes of this subsection, "sampling" means the selling
6 at a nominal charge or the gratuitous offering of an open container
7 not exceeding four ounces of any malt alcoholic beverage. For the
8 purposes of this subsection, "product" means any malt alcoholic
9 beverage that is produced on the premises licensed under this
10 subsection.

11 Restricted brewery license. 1c. The holder of this license shall
12 be entitled, subject to rules and regulations, to brew any malt
13 alcoholic beverages in a quantity to be expressed in such license not
14 in excess of 10,000 barrels of 31 gallons capacity per year.
15 Notwithstanding the provisions of R.S.33:1-26, the director shall
16 issue a restricted brewery license only to a person or an entity
17 which has identical ownership to an entity which holds a plenary
18 retail consumption license issued pursuant to R.S.33:1-12, provided
19 that such plenary retail consumption license is operated in
20 conjunction with a restaurant regularly and principally used for the
21 purpose of providing meals to its customers and having adequate
22 kitchen and dining room facilities, and that the licensed restaurant
23 premises is immediately adjoining the premises licensed under this
24 subsection. The holder of this license shall be entitled to sell or
25 deliver the product to that restaurant premises. The holder of this
26 license also shall be entitled to sell and distribute the product to
27 wholesalers licensed in accordance with this chapter. The fee for
28 this license shall be \$1,250, which fee shall entitle the holder to
29 brew up to 1,000 barrels of 31 liquid gallons per annum. The
30 licensee also shall pay an additional \$250 for every additional 1,000
31 barrels of 31 fluid gallons produced. The fee shall be paid at the
32 time of application for the license, and additional payments based
33 on barrels produced shall be paid within 60 days following the
34 expiration of the license term upon certification by the licensee of
35 the actual gallons brewed during the license term. No more than 10
36 restricted brewery licenses shall be issued to a person or entity
37 which holds an interest in a plenary retail consumption license. If
38 the governing body of the municipality in which the licensed
39 premises will be located should file a written objection, the director
40 shall hold a hearing and may issue the license only if the director
41 finds that the issuance of the license will not be contrary to the
42 public interest. All fees related to the issuance of both licenses shall
43 be paid in accordance with statutory law. The provisions of this
44 subsection shall not be construed to limit or restrict the rights and
45 privileges granted by the plenary retail consumption license held by
46 the holder of the restricted brewery license issued pursuant to this
47 subsection.

1 The holder of this license shall be entitled to offer samples of its
2 product for promotional purposes at charitable or civic events off
3 the licensed premises pursuant to an annual permit issued by the
4 director.

5 For the purposes of this subsection, "sampling" means the selling
6 at a nominal charge or the gratuitous offering of an open container
7 not exceeding four ounces of any malt alcoholic beverage product.
8 For the purposes of this subsection, "product" means any malt
9 alcoholic beverage that is produced on the premises licensed under
10 this subsection.

11 Plenary winery license. 2a. Provided that the holder is engaged
12 in growing and cultivating grapes or fruit used in the production of
13 wine on at least three acres on, or adjacent to, the winery premises,
14 the holder of this license shall be entitled, subject to rules and
15 regulations, to produce any fermented wines, and to blend, fortify
16 and treat wines, and to sell and distribute his products to
17 wholesalers licensed in accordance with this chapter and to
18 churches for religious purposes, and to sell and distribute without
19 this State to any persons pursuant to the laws of the places of such
20 sale and distribution, and to maintain a warehouse, and to sell his
21 products at retail to consumers on the licensed premises of the
22 winery for consumption on or off the premises and to offer samples
23 for sampling purposes only. The fee for this license shall be \$938.
24 A holder of this license who produces not more than 250,000
25 gallons per year shall also have the right to sell and distribute his
26 products to retailers licensed in accordance with this chapter, except
27 that the holder of this license shall not use a common carrier for
28 such distribution. The fee for this additional privilege shall be
29 graduated as follows: a licensee who manufactures more than
30 150,000 gallons, but not in excess of 250,000 gallons per annum,
31 \$1,000; a licensee who manufactures more than 100,000 gallons,
32 but not in excess of 150,000 gallons per annum, \$500; a licensee
33 who manufactures more than 50,000 gallons, but not in excess of
34 100,000 gallons per annum, \$250; a licensee who manufactures
35 50,000 gallons or less per annum, \$100. A holder of this license
36 who produces not more than 250,000 gallons per year shall have the
37 right to sell such wine at retail in original packages in 15
38 salesrooms apart from the winery premises for consumption on or
39 off the premises and for sampling purposes for consumption on the
40 premises, at a fee of \$250 for each salesroom. Licensees shall not
41 jointly control and operate salesrooms. Additionally, the holder of
42 this license who produces not more than 250,000 gallons per year
43 may ship not more than 12 cases of wine per year, subject to
44 regulation, to any person within or without this State over 21 years
45 of age for personal consumption and not for resale. A case of wine
46 shall not exceed a maximum of nine liters. A copy of the original
47 invoice shall be available for inspection by persons authorized to
48 enforce the alcoholic beverage laws of this State for a minimum

1 period of three years at the licensed premises of the winery. For the
2 purposes of this subsection, "sampling" means the selling at a
3 nominal charge or the gratuitous offering of an open container not
4 exceeding one and one-half ounces of any wine.

5 A holder of this license who produces not more than 250,000
6 gallons per year shall not own, either in whole or in part, or hold,
7 either directly or indirectly, any interest in a winery that produces
8 more than 250,000 gallons per year. In addition, a holder of this
9 license who produces more than 250,000 gallons per year shall not
10 own, either in whole or in part, or hold, either directly or indirectly,
11 any interest in a winery that produces not more than 250,000
12 gallons per year. For the purposes of this subsection, "product"
13 means any wine that is produced, blended, fortified, or treated by
14 the licensee on its licensed premises situated in the State of New
15 Jersey. For the purposes of this subsection, "wine" shall include
16 "hard cider" and "mead" as defined in this section.

17 Farm winery license. 2b. The holder of this license shall be
18 entitled, subject to rules and regulations, to manufacture any
19 fermented wines and fruit juices in a quantity to be expressed in
20 said license, dependent upon the following fees and not in excess of
21 50,000 gallons per year and to sell and distribute his products to
22 wholesalers and retailers licensed in accordance with this chapter
23 and to churches for religious purposes and to sell and distribute
24 without this State to any persons pursuant to the laws of the places
25 of such sale and distribution, and to maintain a warehouse and to
26 sell at retail to consumers for consumption on or off the licensed
27 premises and to offer samples for sampling purposes only. The
28 license shall be issued only when the winery at which such
29 fermented wines and fruit juices are manufactured is located and
30 constructed upon a tract of land exclusively under the control of the
31 licensee, provided that the licensee is actively engaged in growing
32 and cultivating an area of not less than three acres on or adjacent to
33 the winery premises and on which are growing grape vines or fruit
34 to be processed into wine or fruit juice; and provided, further, that
35 for the first five years of the operation of the winery such fermented
36 wines and fruit juices shall be manufactured from at least 51
37 percent grapes or fruit grown in the State and that thereafter they
38 shall be manufactured from grapes or fruit grown in this State at
39 least to the extent required for labeling as "New Jersey Wine" under
40 the applicable federal laws and regulations. The containers of all
41 wine sold to consumers by such licensee shall have affixed a label
42 stating such information as shall be required by the rules and
43 regulations of the Director of the Division of Alcoholic Beverage
44 Control. The fee for this license shall be graduated as follows: to so
45 manufacture between 30,000 and 50,000 gallons per annum, \$375;
46 to so manufacture between 2,500 and 30,000 gallons per annum,
47 \$250; to so manufacture between 1,000 and 2,500 gallons per
48 annum, \$125; to so manufacture less than 1,000 gallons per annum,

1 \$63. No farm winery license shall be held by the holder of a plenary
2 winery license or be situated on a premises licensed as a plenary
3 winery.

4 The holder of this license shall also have the right to sell and
5 distribute his products to retailers licensed in accordance with this
6 chapter, except that the holder of this license shall not use a
7 common carrier for such distribution. The fee for this additional
8 privilege shall be \$100. The holder of this license shall have the
9 right to sell his products in original packages at retail to consumers
10 in 15 salesrooms apart from the winery premises for consumption
11 on or off the premises, and for sampling purposes for consumption
12 on the premises, at a fee of \$250 for each salesroom. Licensees
13 shall not jointly control and operate salesrooms. Additionally, the
14 holder of this license may ship not more than 12 cases of wine per
15 year, subject to regulation, to any person within or without this
16 State over 21 years of age for personal consumption and not for
17 resale. A case of wine shall not exceed a maximum of nine liters. A
18 copy of the original invoice shall be available for inspection by
19 persons authorized to enforce the alcoholic beverage laws of this
20 State for a minimum period of three years at the licensed premises
21 of the winery. For the purposes of this subsection, "sampling"
22 means the selling at a nominal charge or the gratuitous offering of
23 an open container not exceeding one and one-half ounces of any
24 wine.

25 A holder of this license who produces not more than 250,000
26 gallons per year shall not own, either in whole or in part, or hold,
27 either directly or indirectly, any interest in a winery that produces
28 more than 250,000 gallons per year.

29 Unless otherwise indicated, for the purposes of this subsection,
30 with respect to farm winery licenses, "manufacture" means the
31 vinification, aging, storage, blending, clarification, stabilization and
32 bottling of wine or juice from New Jersey fruit to the extent
33 required by this subsection.

34 For the purposes of this subsection, "wine" shall include "hard
35 cider" and "mead" as defined in this section.

36 Wine blending license. 2c. The holder of this license shall be
37 entitled, subject to rules and regulations, to blend, treat, mix, and
38 bottle fermented wines and fruit juices with non-alcoholic
39 beverages, and to sell and distribute his products to wholesalers and
40 retailers licensed in accordance with this chapter, and to sell and
41 distribute without this State to any persons pursuant to the laws of
42 the places of such sale and distribution, and to maintain a
43 warehouse. The fee for this license shall be \$625.

44 For the purposes of this subsection, "wine" shall include "hard
45 cider" and "mead" as defined in this section.

46 Instructional winemaking facility license. 2d. The holder of this
47 license shall be entitled, subject to rules and regulations, to instruct
48 persons in and provide them with the opportunity to participate

1 directly in the process of winemaking and to directly assist such
2 persons in the process of winemaking while in the process of
3 instruction on the premises of the facility. The holder of this
4 license also shall be entitled to manufacture wine on the premises
5 not in excess of an amount of 10 percent of the wine produced
6 annually on the premises of the facility, which shall be used only to
7 replace quantities lost or discarded during the winemaking process,
8 to maintain a warehouse, and to offer samples produced by persons
9 who have received instruction in winemaking on the premises by
10 the licensee for sampling purposes only on the licensed premises for
11 the purpose of promoting winemaking for personal or household use
12 or consumption. Wine produced on the premises of an instructional
13 winemaking facility shall be used, consumed or disposed of on the
14 facility's premises or distributed from the facility's premises to a
15 person who has participated directly in the process of winemaking
16 for the person's personal or household use or consumption. The
17 holder of this license may sell mercantile items traditionally
18 associated with winemaking and novelty wearing apparel identified
19 with the name of the establishment licensed under the provisions of
20 this section. The holder of this license may use the licensed
21 premises for an event or affair, including an event or affair at which
22 a plenary retail consumption licensee serves alcoholic beverages in
23 compliance with all applicable statutes and regulations promulgated
24 by the director. The fee for this license shall be \$1,000. For the
25 purposes of this subsection, "sampling" means the gratuitous
26 offering of an open container not exceeding one and one-half
27 ounces of any wine.

28 For the purposes of this subsection, "wine" shall include "hard
29 cider" and "mead" as defined in this section.

30 Out-of-State winery license. 2e. Provided that the applicant
31 does not produce more than 250,000 gallons of wine per year, the
32 holder of a valid winery license issued in any other state may make
33 application to the director for this license. The holder of this license
34 shall have the right to sell and distribute his products to wholesalers
35 licensed in accordance with this chapter and to sell such wine at
36 retail in original packages in 16 salesrooms apart from the winery
37 premises for consumption on or off the premises at a fee of \$250 for
38 each salesroom. Licensees shall not jointly control and operate
39 salesrooms. The annual fee for this license shall be \$938. A copy
40 of a current license issued by another state shall accompany the
41 application. The holder of this license also shall have the right to
42 sell and distribute his products to retailers licensed in accordance
43 with this chapter, except that the holder of this license shall not use
44 a common carrier for such distribution. The fee for this additional
45 privilege shall be graduated as follows: a licensee who
46 manufactures more than 150,000 gallons, but not in excess of
47 250,000 gallons per annum, \$1,000; a licensee who manufactures
48 more than 100,000 gallons, but not in excess of 150,000 gallons per

1 annum, \$500; a licensee who manufactures more than 50,000
2 gallons, but not in excess of 100,000 gallons per annum, \$250; a
3 licensee who manufactures 50,000 gallons or less per annum, \$100.
4 Additionally, the holder of this license may ship not more than 12
5 cases of wine per year, subject to regulation, to any person within or
6 without this State over 21 years of age for personal consumption
7 and not for resale. A case of wine shall not exceed a maximum of
8 nine liters. A copy of the original invoice shall be available for
9 inspection by persons authorized to enforce the alcoholic beverage
10 laws of this State for a minimum period of three years at the
11 licensed premises of the winery.

12 The licensee shall collect from the customer the tax due on the
13 sale pursuant to the "Sales and Use Tax Act," P.L.1966, c.30
14 (C.54:32B-1 et seq.) and shall pay the tax due on the delivery of
15 alcoholic beverages pursuant to the "Alcoholic beverage tax law,"
16 R.S.54:41-1 et seq. The Director of the Division of Taxation in the
17 Department of the Treasury shall promulgate such rules and
18 regulations necessary to effectuate the provisions of this paragraph,
19 and may provide by regulation for the co-administration of the tax
20 due on the delivery of alcoholic beverages pursuant to the
21 "Alcoholic beverage tax law," R.S.54:41-1 et seq. with the
22 administration of the tax due on the sale pursuant to the "Sales and
23 Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.).

24 A holder of this license who produces not more than 250,000
25 gallons per year shall not own, either in whole or in part, or hold,
26 either directly or indirectly, any interest in a winery that produces
27 more than 250,000 gallons per year.

28 For the purposes of this subsection, "wine" shall include "hard
29 cider" and "mead" as defined in this section.

30 Cider and meadery license. 2f. The holder of this license
31 shall be entitled, subject to rules and regulations, to manufacture
32 hard cider and mead and to sell and distribute these products to
33 wholesalers and retailers licensed in accordance with this chapter,
34 and to sell and distribute without this State to any persons pursuant
35 to the laws of the places of such sale and distribution, and to
36 maintain a warehouse. The holder of this license shall be entitled to
37 sell these products at retail to consumers on the licensed premises
38 for consumption on or off the premises and to offer samples for
39 sampling purposes only. The holder of this license shall be
40 permitted to offer for sale or make the gratuitous offering of
41 packaged crackers, chips, nuts, and similar snacks to consumers, but
42 shall not operate a restaurant on the licensed premises. The fee for
43 this license shall be \$938.

44 The holder of this license shall be entitled to manufacture hard
45 cider in a quantity not to exceed 50,000 barrels of 31 fluid gallons
46 capacity per year. With respect to the sale and distribution of hard
47 cider to a wholesaler, the licensee shall be subject to the same
48 statutory and regulatory requirements as a brewer, and hard cider

1 shall be considered a malt alcoholic beverage, for the purposes of
2 the "Malt Alcoholic Beverage Practices Act," P.L.2005, c.243
3 (C.33:1-93.12 et seq.). The holder of this license shall not directly
4 ship hard cider either within or without this State.

5 The holder of this license shall be entitled to manufacture not
6 more than 250,000 gallons of mead per year. The holder of this
7 license may ship not more than 12 cases of mead per year, subject
8 to regulation, to any person within or without this State over 21
9 years of age for personal consumption and not for resale. A case of
10 mead shall not exceed a maximum of nine liters. A copy of the
11 original invoice shall be available for inspection by persons
12 authorized to enforce the alcoholic beverage laws of this State for a
13 minimum period of three years at the licensed premises. As used in
14 this subsection:

15 "Hard cider" means a fermented alcoholic beverage derived
16 primarily from apples, pears, apple juice concentrate and water, or
17 pear juice concentrate and water, which may include spices, herbs,
18 honey, or other flavoring, and which contains at least one half of
19 one percent but less than eight and one half percent alcohol by
20 volume.

21 "Mead" means an alcoholic beverage primarily made from
22 honey, water, and yeast, and which may contain fruit, fruit juices,
23 spices, or herbs added before or after fermentation has completed,
24 except that the ratio of fermentable sugars from fruit or fruit juices
25 shall not exceed 49 percent of the total fermentable sugars used to
26 produce mead.

27 "Sampling" means the selling at a nominal charge or the
28 gratuitous offering of an open container not exceeding four ounces
29 of hard cider or mead produced on the licensed premises.

30 Plenary distillery license. 3a. The holder of this license shall
31 be entitled, subject to rules and regulations, to manufacture any
32 distilled alcoholic beverages and rectify, blend, treat and mix, and
33 to sell and distribute his products to wholesalers and retailers
34 licensed in accordance with this chapter, and to sell and distribute
35 without this State to any persons pursuant to the laws of the places
36 of such sale and distribution, and to maintain a warehouse. The fee
37 for this license shall be \$12,500.

38 Limited distillery license. 3b. The holder of this license shall
39 be entitled, subject to rules and regulations, to manufacture and
40 bottle any alcoholic beverages distilled from fruit juices and rectify,
41 blend, treat, mix, compound with wine and add necessary
42 sweetening and flavor to make cordial or liqueur, and to sell and
43 distribute to wholesalers and retailers licensed in accordance with
44 this chapter, and to sell and distribute without this State to any
45 persons pursuant to the laws of the places of such sale and
46 distribution and to warehouse these products. The fee for this
47 license shall be \$3,750.

1 Supplementary limited distillery license. 3c. The holder of this
2 license shall be entitled, subject to rules and regulations, to bottle
3 and rebottle, in a quantity to be expressed in said license, dependent
4 upon the following fees, alcoholic beverages distilled from fruit
5 juices by such holder pursuant to a prior plenary or limited distillery
6 license, and to sell and distribute his products to wholesalers and
7 retailers licensed in accordance with this chapter, and to sell and
8 distribute without this State to any persons pursuant to the laws of
9 the places of such sale and distribution, and to maintain a
10 warehouse. The fee for this license shall be graduated as follows:
11 to so bottle and rebottle not more than 5,000 wine gallons per
12 annum, \$313; to so bottle and rebottle not more than 10,000 wine
13 gallons per annum, \$625; to so bottle and rebottle without limit as
14 to amount, \$1,250.

15 Craft distillery license. 3d. The holder of this license shall be
16 entitled, subject to rules and regulations, to manufacture not more
17 than 20,000 gallons of distilled alcoholic beverages, to rectify,
18 blend, treat and mix distilled alcoholic beverages, to sell and
19 distribute this product to wholesalers and retailers licensed in
20 accordance with this chapter, and to sell and distribute without this
21 State to any persons pursuant to the laws of the places of such sale
22 and distribution, and to maintain a warehouse. The holder of this
23 license shall be entitled to sell this product at retail to consumers on
24 the licensed premises of the distillery for consumption on the
25 premises, but only in connection with a tour of the distillery, and
26 for consumption off the premises in a quantity of not more than five
27 liters per person. In addition, the holder of this license may offer
28 any person not more than three samples per calendar day for
29 sampling purposes only. For the purposes of this subsection,
30 "sampling" means the gratuitous offering of an open container not
31 exceeding one-half ounce serving of distilled alcoholic beverage
32 produced on the distillery premises. Nothing in this subsection shall
33 be deemed to permit the direct shipment of distilled spirits either
34 within or without this State.

35 The holder of this license shall not sell food or operate a
36 restaurant on the licensed premises. A holder of this license who
37 certifies that not less than 51 percent of the raw materials used in
38 the production of distilled alcoholic beverages under this section are
39 grown in this State or purchased from providers located in this State
40 may, consistent with all applicable federal laws and regulations,
41 label these distilled alcoholic beverages as "New Jersey Distilled."
42 The fee for this license shall be \$938.

43 Farm distillery license. 3e. The holder of this license shall be
44 entitled, subject to rules and regulations, to manufacture not more
45 than 25,000 gallons of distilled alcoholic beverages, to rectify,
46 blend, treat and mix distilled alcoholic beverages, to sell and
47 distribute this product to wholesalers and retailers licensed in
48 accordance with this chapter, and to sell and distribute without this

1 State to any persons pursuant to the laws of the places of the sale
2 and distribution, and to maintain a warehouse. The license shall be
3 issued only when the distillery at which such distilled alcoholic
4 beverages are manufactured is located and established upon a tract of
5 land exclusively under the control of the licensee, provided the
6 licensee is actively engaged in farming on or adjacent to the distillery
7 premises and is growing and cultivating fruit or other crops which are
8 used in the production of the distilled alcoholic beverages; and
9 provided, further, that the distilled alcoholic beverages shall be
10 manufactured from an average crop of at least 25 percent of the fruit or
11 crops grown in the State. A holder of this license who certifies that
12 not less than 51 percent of the raw materials used in the production
13 of distilled alcoholic beverages under this section are grown in this
14 State or purchased from providers located in this State may,
15 consistent with all applicable federal laws and regulations, label
16 these distilled alcoholic beverages as “New Jersey Distilled.” In the
17 event the farm distillery consists of more than one property, the
18 aggregate acreage of the farm distillery shall not be less than five
19 acres.

20 The holder of this license shall be entitled to sell this product at
21 retail to consumers on the licensed premises of the distillery for
22 consumption on or off the premises and on the premises of a farm
23 market that is operated as a nonprofit enterprise or association,
24 provided the farm market is permitted by the municipality and the
25 director to sell distilled alcoholic beverages. In addition, the holder
26 of this license may offer any person not more than three samples
27 per calendar day for sampling purposes only.

28 The fee for this license shall be \$300.

29 As used in this subsection:

30 “Average crop” means an annual calculation of the average yield
31 of the farm distillery licensee’s two largest annual crops in the
32 preceding five years, except that during the first seven-year period
33 from the date of issuance of the farm distillery license an average
34 crop shall be defined as three tons of fruit or crops for each acre
35 farmed by the farm distillery licensee. For the purposes of
36 determining an average crop, a seven-year period shall not begin
37 anew if the property for which the farm distillery license is held is
38 transferred or sold during the seven-year period.

39 “Sampling” means the gratuitous offering of an open container
40 not exceeding one-half ounce serving of distilled alcoholic beverage
41 produced on the distillery premises.

42 Rectifier and blender license. 4. The holder of this license shall
43 be entitled, subject to rules and regulations, to rectify, blend, treat
44 and mix distilled alcoholic beverages, and to fortify, blend, and
45 treat fermented alcoholic beverages, and prepare mixtures of
46 alcoholic beverages, and to sell and distribute his products to
47 wholesalers and retailers licensed in accordance with this chapter,
48 and to sell and distribute without this State to any persons pursuant

1 to the laws of the places of such sale and distribution, and to
2 maintain a warehouse. The fee for this license shall be \$7,500.

3 Bonded warehouse bottling license. 5. The holder of this
4 license shall be entitled, subject to rules and regulations, to bottle
5 alcoholic beverages in bond on behalf of all persons authorized by
6 federal and State law and regulations to withdraw alcoholic
7 beverages from bond. The fee for this license shall be \$625. This
8 license shall be issued only to persons holding permits to operate
9 Internal Revenue bonded warehouses pursuant to the laws of the
10 United States.

11 The provisions of section 21 of P.L.2003, c.117 amendatory of
12 this section shall apply to licenses issued or transferred on or after
13 July 1, 2003, and to license renewals commencing on or after July
14 1, 2003.

15 (cf: P.L.2017, c.80, s.1)

16
17 2. This act shall take effect on the first day of the fourth month
18 next following the date of enactment.

21 STATEMENT

22
23 This bill establishes a farm distillery license, which would
24 operate in a manner similar to a farm winery, whereby farms relying
25 on locally grown fruit and crops would be authorized to produce
26 distilled alcoholic beverages such as gin, rum, vodka, and whiskey.

27 Under the bill, a farm distillery licensee would be entitled, for a
28 fee of \$300, to: manufacture up to 25,000 gallons of distilled
29 alcoholic beverages; sell and distribute this product to licensed
30 wholesalers and retailers and directly to consumers; and maintain a
31 warehouse.

32 To qualify for a farm distillery license, the distillery would need
33 to be located and established upon a tract of land exclusively under the
34 control of the licensee, and the licensee would be required to be
35 actively engaged in farming on or adjacent to the distillery premises by
36 growing and cultivating fruit or other crops which are used in the
37 production of the spirits. In the event the farm distillery consists of
38 more than one property, the aggregate acreage of the farm distillery
39 would be required to be at least five acres.

40 Additionally, the licensee would be required to manufacture this
41 product from an average crop of at least 25 percent of the fruit or crops
42 grown in the State. The bill defines an average crop to mean an
43 annual calculation of the average yield of the farm distillery
44 licensee's two largest annual crops in the preceding five years,
45 except that during the first seven-year period from the date of
46 issuance of the license an average crop would mean three tons of
47 fruit or crops for each acre farmed by the farm distillery licensee.

1 A seven-year period would not begin anew if the licensed property
2 is transferred or sold during the seven-year period.

3 A licensee who certifies that not less than 51 percent of the raw
4 materials used in the production of the distilled alcoholic beverages
5 are grown in this State or purchased from providers located in this
6 State may, consistent with all applicable federal laws and
7 regulations, label these beverages as “New Jersey Distilled.”

8 The licensee’s products may be sold at retail to consumers at the
9 distillery, for consumption on or off the premises, and at a farm
10 market operated as a nonprofit enterprise or association, provided
11 the farm market is permitted by the municipality and the Director of
12 the Division of Alcoholic Beverage Control to sell distilled
13 alcoholic beverages. A licensee may offer up to three samples per
14 calendar day per person for sampling purposes only.

15 The concept of farms as local businesses producing alcoholic
16 beverages is growing in popularity nationwide. This bill is similar
17 to the “farm to flask” Connecticut farm distillery law.